



L. E. MacWilliams

Region Operations Manager
Buffalo #1600

February 9, 1998

TO: DON FITZGERALD

RE: JANUARY PROMOTION ASSESSMENT

Dear Don:

Outlined below is the Buffalo Region's input for January 1998 promotion assessment:

- UPC codes are not printed on promoted cartons - needed in order to scan inventories in at wholesale and retail levels. Bartender labels not acceptable as process is too labor intensive when dealing with large accounts.
- Consumer and retailer confusion created during Winston .70 cents off 2 packs because promotion was run simultaneously during Plan B period.
- Winston No Bull 5 program is extremely confusing to retailers and consumers. Not only are the sweepstakes entry ballots flying out of the stores, field sales needs massive quantities of these ballots for replenishment. The street advertising has just begun to show up for placement at retail - not getting the bang for our buck.
- Winston .70 cents off 2 packs was extremely busy and not impactful - the message was not clear. In addition, the promotion arrived early and the Direct Accounts did not want to sit on the product for a month after receiving it.
- The Doral \$1.00 off 2 packs was clear, not confusing and got the message out. The displays sent out are simple to place and understand.
- Direct Accounts are responding more positively to packing and shipping and pricing RJR promotions than they were last year at this time. Concern over shipping non-promoted loose packs. A retail concern was expressed about the Winston \$.70/2 packs, specifically the "snipe" on the pack does not reflect the cents off. A few retail accounts removed packs from the sleeves and placed on the full price counter display. While the accounts were selling the packs at .35 cents off single packs, we were losing the impact of not only the two pack sale but the Winston \$1,000,000 POS message as well. Retailers also noted that the

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.70 cents off price message was lost in the print on the sleeves; they thought the print was too busy.

- Doral \$1.00 off 2 pack promotion was not confusing as the discount was clearly visible. This promotions sold through quickly at retail. However, stores complained again about having ongoing price reductions on Doral and having to keep VAP promotions separate from these buydowns.
- Several Reps have voiced concerns over cents off promotions during a Plan B period. This created confusion among retail clerks with Winston matching up with Marlboro at \$.20 off and having B2G \$.70 off promotion, two different discount values for the same brand. The packaging of the promotion provided too much information about the No Bull 5 and too little about the promotion itself.
- Suggestion given by Sales Reps include keeping the promotions as simple as possible, having larger pricing areas, using a consistent size promotional sleeve with only the brand graphics changing to save money, delivering our VAP promotions only during Plan A periods, 2-3 a month so as not to water down or conflict with the Plan B activity.
- Improvements needs to be made to reduce the down time between signing an account to VAP and the first delivery of a promotion. Two-three months before receiving any promotions can break any deal and does nothing to improve relationships at retail.
- We ran two pack promotions during January, Winston \$0.70 off 2 packs and Doral \$1.00 off 2 packs - the Direct Accounts are looking for more consistent implementation steps for promotions as similar as these. For example, the Winston promotion needed to be assembled by the Direct Account into sleeves. The Doral promotion came in pre-sleeved. The more consistent the promotions, the better the implementation.

Please note the following observations from Promotion Coordinator (Judy Campbell) viewpoint:

First, the issue of including formulas into Work Plan correspondence, which I has asked for over the last two years - but so far, they have not been provided. Obviously, in order to determine allocations for each Region, Winston-Salem has to utilize the formula. This information should be provided in order to avoid each Region calculating individually.

Displays and product should be transferred at one time versus manual transfers.

Posting: Please advise of status of this accountability. No promotions have been posted for 1998 due to systems issues.

Re-evaluate the Workplan promotions in an effort to streamline the process, i.e. utilize consistent product UPC codes on promotional programs for various classes of trade. 1st quarter Workplan Doral promotions created confusion at Direct Account level as well as Promotion Coordinator level.

If you have any questions, please contact me at the ROU.

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Sincerely,

Lori MacWilliams

L.E. MacWilliams

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